

U.S. DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN
FILED

2012 FEB 28 A 11: 54

UNITED STATES OF AMERICA, JON A. SANFILIPPO
CLERK

Plaintiff,

v.

Case No. 12-CR-
[18 USC §§ 2, 666, and 1343]

12 - CR 47

GREGORY L. GONER,

Defendant.

INDICTMENT

The Grand Jury Charges:

Allegations Common to Counts One through Four:

1. The defendant was the pastor of Spirit Governed Baptist Church (hereinafter SGBC) in Milwaukee, Wisconsin and has been throughout the time period covered by the indictment.
2. The defendant was the president and chief administrator of Excel Academy (hereinafter Excel), a private choice school for students from kindergarten through high school which operated at various locations in Milwaukee from the autumn of 2004 through spring of 2010.
3. Excel was supported by government funds, including more than \$100,000 per year in federal funds from the United States Departments of Education and Agriculture.

4. While it was in operation, Excel was often short of funds and sometimes was unable to pay its employees and contribute to their health insurance in a timely manner.

5. Despite that, the defendant caused funds belonging to Excel to be converted and misapplied for various purposes unrelated to the educational purposes of the school including, but not limited to, the following:

a. KB was a young woman the defendant met in Illinois and invited to come to Milwaukee where he would provide her a job at Excel although she had no training or experience in school work. Although KB was seldom at the school and did almost no work for the school, nearly \$20,000 of Excel's money was paid to her during the 2005 - 2006 school year.

b. KA was a friend of the defendant and a deacon at SGBC. Although KA had another full-time job and did very little work for the school, approximately \$28,700 of Excel's money was paid to KA from 2004 to 2008.

c. In May of 2005, the defendant caused Excel to have the following transaction with his mother, VP. In two checks dated May 11 and 16, VP loaned \$15,000 to Excel. On May 31, Excel paid back the \$15,000 plus \$5,000 interest, an interest payment of 33% for a loan outstanding for less than one month, an effective annual rate of more than 600%.

d. During the period of 2004 through 2006, the defendant caused Excel to loan school funds to a number of Excel employees so they could buy

automobiles from him.

e. Despite Excel's financial difficulties and even though the defendant did not spend much time and effort on school business, he derived a salary of more than \$90,000 per year from Excel during its years of operation.

f. From March of 2005 through June of 2008, the defendant caused approximately \$564,265 to be paid to SGBC from Excel in alleged loan repayments. There is no documentation for many of the alleged loans. Several of the loans involve the payment by Excel of unreasonable rates of interest such as 20% after 41 days, over 12% after 28 days, and over 12% after 12 days.

g. From December of 2004 into July of 2008, the defendant caused an additional approximately \$270,401 to be paid from Excel to SGBC. None of that was listed as loan repayments. Many of these payments were to rent space at SGBC for Excel functions, including space for Excel employees to work at SGBC though there was available space for those employees to work in Excel's school facilities.

h. The defendant employed many members of SGBC at Excel and directed them to tithe, that is contribute 10% of their Excel salary to SGBC. The defendant also authorized loans of Excel funds to several Excel employees so those funds could be contributed to SGBC.

i. In March of 2007, the defendant used \$37,000 of Excel's money as part of the payment required at closing for the purchase of apartment buildings in

Milwaukee that were being purchased by the defendant and his wife.

6. As money from Excel was being transferred to SGBC, the defendant was using SGBC money for his own purposes including:

- a. Leasing 2004 Cadillacs from 2004 through 2008 for the defendant, his wife, and his mother;
- b. Using approximately \$40,000 of SGBC money to make necessary payments at closing in March of 2007 for the purchase of apartment buildings in Milwaukee by the defendant and his wife; and
- c. Using approximately \$70,000 of SGBC money to make mortgage payments on those apartment buildings in 2007 through 2008.

COUNT ONE

The Grand Jury Further Charges:

At all times material to this count:

1. Excel Academy was a private choice school operating in Milwaukee, Wisconsin which received more than \$100,000 per year in federal funds under grants, contracts, and other assistance from September, 2004 through April, 2010.
2. Defendant Gregory L. Goner was an agent of Excel Academy as its president and administrator.
3. On or about March 12 through 16, 2007, at Milwaukee in the state and Eastern District of Wisconsin,

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embezzled, stole, knowingly converted, and intentionally misapplied approximately \$37,000 in funds that were under the care, custody, and control of Excel Academy. The defendant did so by taking the following steps. He obtained three checks payable to SGBC from Excel Academy totaling \$37,000, which he deposited into an SGBC account at Legacy Bank. He then took \$43,000 out of that SGBC account and deposited it into his personal account at Legacy Bank. That allowed him to write a check on that personal account for \$106,624.04 that he had to pay at the March 16, 2007 closing on the purchase of apartment buildings at 7724-7734 West Hampton Avenue in Milwaukee, which he was buying with his wife.

All in violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

COUNT TWO

The Grand Jury Further Charges:

At all times material to this count:

1. Excel Academy was a private choice school operating in Milwaukee, Wisconsin which received more than \$100,000 per year in federal funds under grants, contracts, and other assistance from September, 2004 through April, 2010.
2. Defendant Gregory L. Goner was an agent of Excel Academy as its president and administrator.
3. During the 2007-2008 school year, at Milwaukee in the state and Eastern District of Wisconsin,

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embezzled, stole, knowingly converted, and intentionally misapplied approximately \$7,600 in funds that were under the care, custody, and control of Excel Academy. The defendant did so by causing that amount to be paid by Excel Academy to KA, a friend of the defendant and a deacon at SGBC, although KA was doing little or no work for the school during the 2007-2008 school year.

All in violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

COUNT THREE

The Grand Jury Further Charges:

At all times material to this count:

1. Excel Academy was a private choice school operating in Milwaukee, Wisconsin which received more than \$100,000 per year in federal funds under grants, contracts, and other assistance from September, 2004 through April, 2010.
2. Defendant Gregory L. Goner was an agent of Excel Academy as its president and administrator.
3. On or about October 9, 2007, at Milwaukee in the state and Eastern District of Wisconsin,

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embezzled, stole, knowingly converted, and intentionally misapplied approximately \$15,000 in funds that were under the care, custody, and control of Excel Academy. The defendant did so by causing Excel Academy to issue a check for \$15,000 to SGBC to lease space at the church during September, October, and November for Excel Academy employees to use even though there was no need to lease space at the church because there was adequate space at the school for the employees to perform their duties.

All in violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

COUNT FOUR

The Grand Jury Further Charges:

At all times material to this count:

1. Excel Academy was a private choice school operating in Milwaukee, Wisconsin which received more than \$100,000 per year in federal funds under grants, contracts, and other assistance from September, 2004 through April, 2010.
2. Defendant Gregory L. Goner was an agent of Excel Academy as its president and administrator.
3. On or about December 4, 2007, at Milwaukee in the state and Eastern District of Wisconsin,

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embezzled, stole, knowingly converted, and intentionally misapplied approximately \$15,000 in funds that were under the care, custody, and control of Excel Academy. The defendant did so by causing Excel Academy to issue a check for \$15,000 to SGBC to lease space at the church during December, January, and February for Excel Academy employees to use even though there was no need to lease space at the church because there was adequate space at the school for the employees to perform their duties.

All in violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

COUNT FIVE

The Grand Jury Further Charges:

From on or about January 8, 2007 through March of 2007, in the state and Eastern District of Wisconsin,

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knowingly devised and intended to devise a scheme to defraud and to obtain money by means of material false and fraudulent pretenses and representations. The scheme is described in the following paragraphs.

A. In January of 2007, the defendant and his wife made an offer to purchase two four-unit apartment buildings next to each other at 7724 and 7734 West Hampton Avenue in Milwaukee.

B. On or about January 8, 2007, the defendant and his wife paid \$5,000 in earnest money on this transaction.

C. The purchase price for these buildings was \$420,000. To make this purchase, the defendant and his wife applied for a loan of \$315,000 which was to come from Interbay Funding, LLC.

D. To qualify for the loan, the defendant submitted to the lender a residential rental contract signed on March 14, 2007 by defendant, his wife, and the owner and operator of MATCH, an organization that provides housing for mentally disabled individuals. That contract stated that MATCH would rent all eight units in these two buildings from the defendant and his wife for 12 months beginning on April 1, 2007,

paying a total rent of \$10,000 per month.

E. This residential rental contract was material to the ability of the defendant and his wife to obtain the loan to purchase the buildings since it tended to establish income and cash flow for defendant and his wife, facilitating their ability to make payments on the mortgage resulting from the loan.

F. As the defendant knew, the residential rental contract was false. The owner and operator of MATCH had not agreed to rent all of the units in these buildings and had not agreed to pay defendant and his wife \$10,000 per month.

G. The loan to the defendant and his wife was approved and their purchase of these buildings closed on March 16, 2007.

H. On or about March 20, 2007,

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for the purpose of executing the scheme alleged in this count, caused to be transmitted in interstate commerce by means of a wire communication, certain signs, signals, or sounds which accomplished a wire transfer of loan proceeds totaling \$313,584.43 from an account of Bayview Lending at JP Morgan Bank in Tampa, Florida to an account of the settlement agent for this real estate transaction at Guaranty Bank in Brown Deer, Wisconsin.

All in violation of Title 18, United States Code, Sections 1343 and 2.

A TRUE BILL:


FOREPERSON

Dated: 2/28/12


JAMES L. SANTELLE
United States Attorney